

Compt 86-1276

20 AUG 1980

P  
over

MEMORANDUM FOR: Chief, Administration Group, O/Compt

FROM: James H. McDonald  
Director of Logistics

SUBJECT: Payment for Lost, Stolen, or Damaged Property (U)

1. This Office is in the process of rewriting Headquarters Regulation [ ] Supply Operations. Among the issues to be addressed in the regulation update is a policy for dealing with the replacement of lost, damaged, or stolen official property. Since the U.S. Government is self-insuring, there is a question as to which office within the Agency has to come up with the money. (U)

25X1

2. Property falling into this category has, heretofore, not been of major concern since the losses have been relatively small. However, the high cost of procuring technical equipment and systems and the modes of transportation used to ship these materials increase the possibility that the losses could be significant. The cost of repairs to two SKYLINK terminals damaged while in storage awaiting shipment is estimated at approximately \$100,000. A loss such as this could have a significant negative impact on the Office of Logistics' (OL) budget if we are required to replace the equipment. There is no way that OL can realistically estimate an annual budget for replacement costs, nor do we believe it is realistic to expect OL to come up with the money from its own resources. (C)

3. So that the Agency might have a clearly defined position on this issue, we recommend the following considerations:

a. The Single Transportation Allotment should be redefined to include replacement for lost, stolen, or damaged property once the material is placed in an in-transit status. In-transit is understood to cover from the time the material is released from stock to the time it is physically received and accepted at destination. (U)

b. The Comptroller would provide OL with unfunded PRA as required for replacement of this equipment. This appears to be how the SKYLINK terminal losses will be resolved. (C)

c. The requisitioning office will be required to budget for replacement costs. Our customers would probably resist this approach since they would have

25X1

CONFIDENTIAL

CONFIDENTIAL

SUBJECT: Payment for Lost, Stolen, or Damaged Property (U)

already paid for the equipment once before. Further, they have no way of estimating how much money would be needed in a fiscal year for this purpose. (U)

d. OL would budget for replacement costs in each fiscal year. In this case, we would be faced with the same dilemma of determining how much to budget. (U)

4. We believe Recommendation a offers a clearly defined policy, and we request your approval to incorporate such a proposal into [redacted]. The cost of replacing or repairing an item prior to issuing it from stock will continue to be the responsibility of the cognizant office. Please contact me or [redacted] if we can provide you with any further information on this matter. (U).

25X1

25X1

25X1

[redacted]  
James H. McDonald

APPROVED: \*

25X1

[redacted]  
Chief, Administration Group, O/Compt

25 MAR 1981  
Date

Distribution:

Orig - Return to OL/SD/SMB (Official)  
1 - C/AG/O/Compt

\* With the understanding that the Office of Logistics be prepared to provide upon request and at the end of each fiscal year, the total amount obligated for lost, stolen, or damaged property.